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[No. 15668-XIV-HI-100/2011/I.]

INDUSTRIES DEPARTMENT

RESOLUTION

The 22nd December, 2011

Sub : Amendment of IPR-2007 – Policy of leasing Government land for execution of Infrastructure Projects on BOT mode.

In the liberalized regime, private investment opportunities have been created for establishment of large scale infrastructure projects like Ports, Power Plants, Highways, Water Supply, etc. Typically, private sector participation is structured in such projects through 'Build-Operate-Transfer' (BOT) mode or its variants such as BOOT/BOOST/BOLT. The private developer is granted the exclusive rights to develop the Project, Operate, maintain it and collect fees/ tariffs or charges for cost recovery for a finite period of time. The rights and obligations of the developer, the Government and other stakeholders are precisely laid down in the form of a concession agreement. The State Government provides land required for such infrastructure Projects to the Private Developers which reverts to the Government at the end of the concession period. The land lease Policy for such projects, contemplated for development under the BOT mode or its variants has, therefore, to be necessarily different from the policy envisaged for other industrial projects where land is required to be leased out to entrepreneurs, project promoters for a period of 99 years. It would be inequitable to lease out land for infrastructure projects being developed through the BOT mode (or its variants) by charging premium prescribed for other industrial projects as in the IPR-2007.

In view of the reasons mentioned above, Government after careful consideration have been pleased to decide that the following provision be incorporated as paragraph 16.8 of the IPR-2007 issued in Industries Department Resolution No. 3391- XIV-HI-52/2007/I., dated the 2nd March, 2007.

16.8 : “Government land required for Infrastructure Projects identified for development through the BOT mode or its variants (Where the land reverts to the Government at the end of the concession period) would be allotted to the developer on payment of annual lease rental amount equal to ground rent @ 1% and cess @ 0.75% of the benchmark value plus 5% of the premium under the IPR, 2007 during the concessional period. The annual lease rental may be subject to revision in every 3 years with reference to the cost inflation index used by the Income Tax authorities (for assessment of Capital gains). Lease premium for Government land for the relevant zone laid down in the IPR would be the reference price for fixing annual lease rentals in these cases.

ORDER

Ordered that the Resolution be published in next issue of the Extraordinary Gazette and copy thereof be forwarded to all Departments of Government, all Heads of Department and Accountant General, Odisha, Bhubaneswar.

By order of the Governor

T. RAMACHANDRU
Principal Secretary to Government